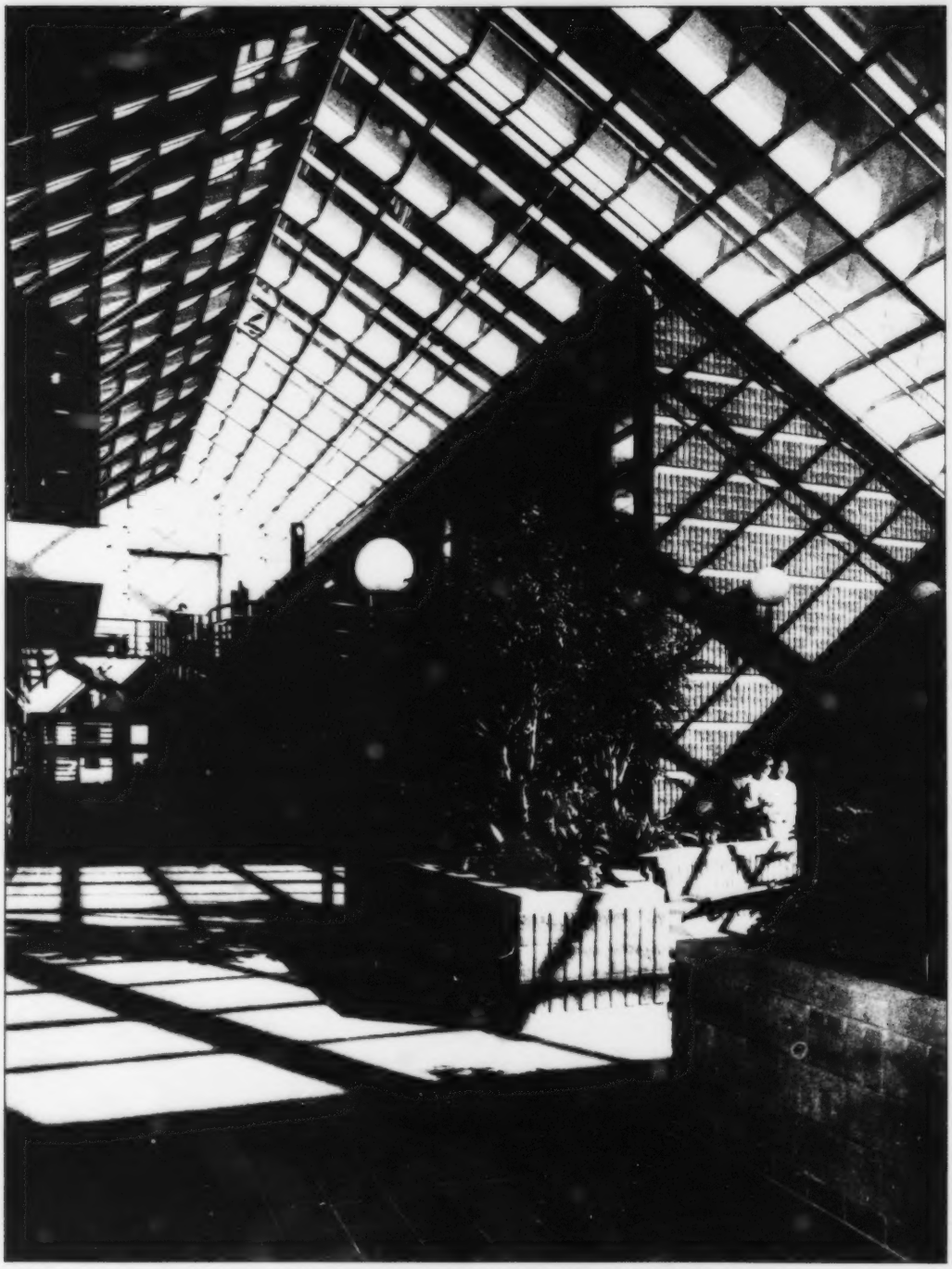
Alberta Municipal Financing Corporation



Alberta

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Board of Directors

A.F. Collins
R.L. Ardiel
F.G. Stewart

A.R. Grover
A.J. McPherson
R.A. Splane

W.R. Gartner
M.J. Schmitke
D.H. Vizina

DIRECTORS

Appointed

A.F. Collins
A.R. Grover
A.J. McPherson
R.A. Splane
F.G. Stewart

Elected

W.R. Gartner
Representing Class B shareholders

R.L. Ardiel
Representing Class C shareholders

M.J. Schmitke
Representing Class D shareholders

D.H. Vizina
Representing Class E shareholders

OFFICERS

A.F. Collins
President and Chairman of the Board

C.P. Hayes
Honorary Chairman

R.L. Ardiel
Vice-President

H.H. Strohbach
General Manager and Treasurer

G.H. Kinsman
Assistant General Manager

E.J. Peacock
Secretary and Assistant Treasurer

OFFICES

Sir Frederick W. Haultain Building
9811 - 109 Street
Edmonton, Alberta
T5K 0C8
Telephone
(403) 427-9711

Past Directors

Class A – (Provincial Treasurer)

E.W. Hinman	1956 to 1957
* J.W. Judge	1956 to 1962
* L. Patrick	1956 to 1963
* K.J. Hawkins	1956 to 1971
* Dr. E.J. Hanson	1956 to 1985
F.G. Stewart	1958 to 1988
E.R. Hughes	1965 to 1971
C.P. Hayes	1971 to 1975
* J.M. Currie	1975 to 1980
E.E. Borstad	1983 to 1985

Class B – (Municipalities)

C.P. Hayes	1956 to 1971
* G.W. Moyer	1971 to 1978
M.R. Parker	1978 to 1988

Class C – (Cities)

** J. Hodgson	1956 to 1964
* J.M. Tweddle	1964 to 1972
T.E. Adams	1972 to 1981
A.F. Womack	1981 to 1986

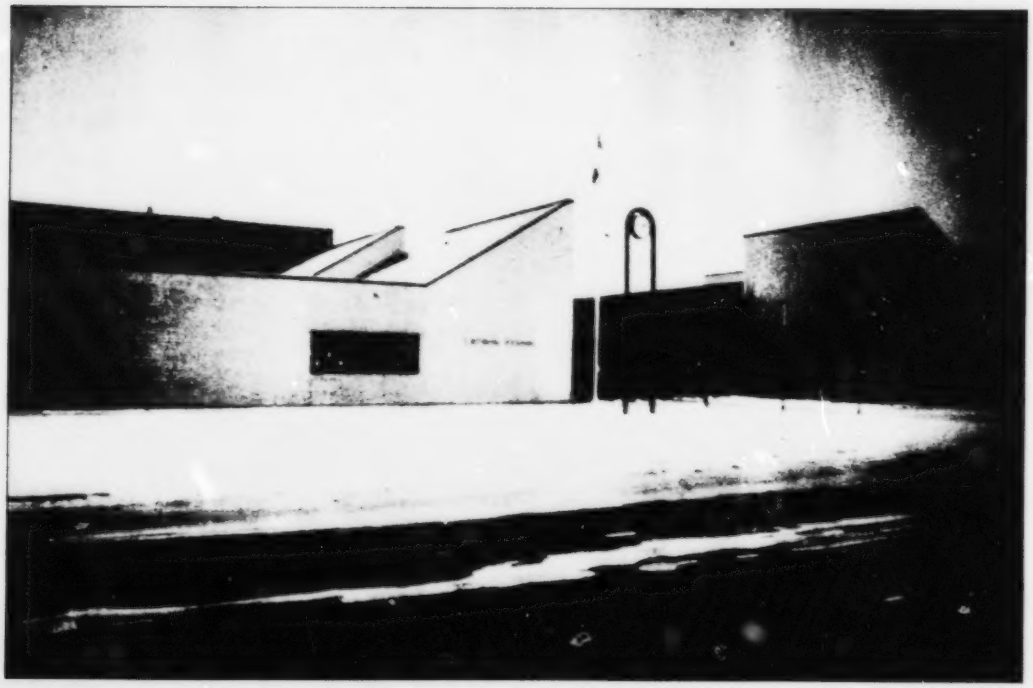
Class D – (Towns and Villages)

* A. Ellis	1956 to 1958
** E.G. Miller	1958 to 1960
J.M. Fleming	1960 to 1969
* R.L. Ellis	1969 to 1975

Class E – (Schools)

E. Murray	1981 to 1986
* D.H. Vizina	1986 to 1988

* deceased
** status unknown

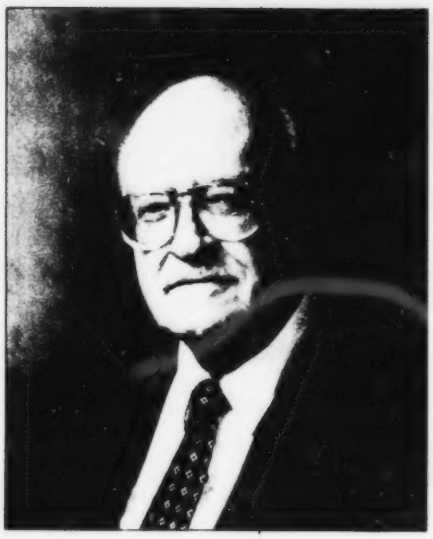


LaPerle Elementary School
Edmonton

President's Report

February 17, 1989

It is my privilege to present the annual report of the Alberta Municipal Financing Corporation for the year ended December 31, 1988 and to review the corporation's activities for the past year.



A.F. Collins
President and Chairman of the Board

Interest rates were relatively stable during the year. The volume of new loans issued to shareholders in 1988 increased by a little over 2% to $314 million, as compared to about $307 million in the previous year. This increase is significantly below the estimated increase of 50% or $153 million predicted in last year's report. The shortfall from the predicted volume of loans in 1988 is mainly due to two major municipalities reducing their borrowing by more than $100 million, and to a reduction in school borrowings.

The volume of new loans to be issued in 1989 is expected to increase significantly to about $425 million, based on a survey of our shareholders' borrowing intentions. The actual volume of loans in 1989 will depend to a large degree on the borrowing demands of Alberta's two major cities. The details of the 1989 borrowing forecast are contained in the Schedule of Estimated Requirements on Page 6 following this report.

To assist shareholders in their desire to reduce debt load costs, the directors approved in June, 1988, a further relaxation of the rules under which loans can be prepaid to the corporation. The change increases the cumulative lifetime limit of loans that can be repaid under the two to four months of interest penalty provision from 15% to 20%, subject to a 15% maximum prepayment in any one calendar year.

Shareholders again reacted favourably to the corporation's loan prepayment policy and prepaid 47 loans totalling $10.3 million in 1988. This represents a dramatic reduction from the 111 loan prepayments in 1987 totalling nearly $117 million, when the amended prepayment provisions were first introduced.

Several changes have occurred on the Board of Directors during the year:

M.R. (Roger) Parker, who represented the class "B" (municipalities) shareholders since 1978 and who served as Vice-President since 1981 decided not to seek re-election at the April, 1988 annual general meeting. W.R. (Bill) Gartner was elected at the same meeting to represent the class "B" shareholders for the next three-year term.

E.G. (Fred) Stewart submitted his resignation as a director representing the class "A" (Provincial Treasurer) shareholder effective October 12, 1988. Mr. Stewart had been actively involved in the affairs of the corporation since its inception in 1956 as Secretary-Treasurer, General Manager, Director, Vice-President and President and Chairman of the Board. His replacement will be appointed in due course by the Alberta Government.

It is with deep regret that I note the death of D.H. (Don) Vizina, representing the class "E" (schools) shareholders from 1986 to his untimely death in August of

1988. A new director will be elected by the class "E" shareholders at the April, 1989 annual general meeting. On behalf of the corporation I express to the retired directors and to Mr. Vizina's family, our sincere appreciation for their dedicated service to the corporation and to the people of Alberta.

It has been an honour and a privilege to serve as president of the corporation for the past four years. My sincere appreciation is extended to our directors and staff for the efficient handling of the affairs of our corporation over the past year.

A.F. Collins
President and Chairman of the Board

Canmore Recreation Complex

Schedule of Estimated Requirements

(thousands of dollars)

	1989 Estimated	1988 Actual	1987 Actual
By Jurisdiction			
Cities	$260,000	$185,015	$173,732
Towns	20,000	14,239	13,891
Villages	2,000	1,107	429
Counties, municipal districts and other	30,000	48,100	31,874
Hospital and nursing home districts	1,000	395	776
School divisions and districts	110,000	63,377	81,873
Universities and colleges	2,000	1,800	3,953
	$425,000	$314,033	$306,528
By Purpose			
Municipal - General	$132,000	$137,926	$101,938
- Utility	151,000	86,000	86,000
Hospital	1,000	1,292	3,983
School	141,000	88,815	114,607
	$425,000	$314,033	$306,528

General Manager's Report

February 17, 1989

The capital loan requirements of Alberta municipal authorities in 1988 remained essentially unchanged from the previous three years at about $314 million. By comparison, loans issued in the years 1985 to 1987 amounted to $338 million, $337 million and $307 million respectively.

General municipal loans increased by about $36 million or 35% in 1988 while municipal utility loans remained virtually unchanged at $86 million. Loans for school purposes decreased by about $26 million or 22% in 1988 to a total of $89 million and hospital loans decreased by about $3 million or 75% for a total of $1 million in 1988.

The average lending term for all loans issued continued its three-year downward trend in 1988. While 73% of all loans issued prior to 1986 were for 20 and 25-year terms, the same lending terms accounted for 33% in 1988. Fifty percent of all new loans issued in 1988 were for 5 and 10-year terms and 17% were issued for 15-year terms.

To fund the loan activities in 1988 the corporation borrowed about $311 million from the Canada Pension Plan Investment Fund at an average cost of 10.04% per annum.

During 1988 the corporation repaid debt maturities to the Provincial Treasurer of Alberta, the Canada Pension Plan Investment Fund and U.S. Public Serial Debentures as follows:

Debentures held by the Provincial Treasurer		
March 1, 1988	16%	$110 million
July 15, 1988	16%	$ 45 million
Canada Pension Plan Investment Fund		
November 4, 1988	6.56%	$ 65 million
U.S. Public Serial Debentures		
December 15, 1989	4⅝%	$1.9 million

To redeem these maturing debt issues the corporation used $115 million of annual loan repayments from shareholders and $107 million of sinking fund assets. Total debt maturities of about $324 million in 1989 will be similarly funded from loan repayments and from sinking fund assets.

H.H. Strohbach
General Manager

The value of the sinking fund assets amounted to $1.1 billion as at December 31, 1988. This represents an increase in the asset value of about $12 million compared to the previous year and reflects the corporation's new policy of ceasing voluntary sinking fund contributions. This new policy also provides for the issuing of shareholder loans from the proceeds of surplus sinking fund assets. The earnings of the sinking fund amounted to $108 million in 1988 which is considered to yield a return on the assets of approximately 10% per annum.

During 1988 the corporation changed its lending rates an unprecedented seventeen

times as a result of unsettled conditions in financial markets. However, lending rates tended to stay in the 10 to 11% range and varied only by a maximum of 1-1/4% during the year for all terms. For example, for 20-year term loans the lending rates fluctuated between 10-3/8% and 11-1/2% during the year. Lending rates are expected to continue to fluctuate in 1989 as a result of changing economic conditions.

The gross debt of the corporation increased by $89 million during the year to a total of about $5.7 billion. Of this amount, over $4.1 billion or 73.1% is held by the Canada Pension Plan Investment Fund, $780 million or 13.8% is held by the Provincial Treasurer and $741 million or 13.1% is held by the public.

The corporation's historical sources of capital are summarized in the table at the end of this report.

I would like to take this opportunity to express my sincere appreciation to our President and Board of Directors, our staff and the large number of Alberta Treasury employees who have provided services to the corporation during the past year.

H.H. Strohbach
General Manager

Sources of Capital
(thousands of dollars)

	Gross Outstanding December 31, 1988	Outstanding as a Percentage of Total
Canada Pension Plan Investment Fund	$4,142,152	73.1%
Government of Alberta	780,000	13.8%
Public:		
Canada	739,180	13.0%
United States	2,026	.1%
Total	$5,663,358	100.0%

How the Corporation Functions

Purpose
The Alberta Municipal Financing Corporation is a non-profit corporation. It assists municipal jurisdictions within the province to obtain capital funds at the lowest possible cost through access to capital markets which would not be available to them on an independent basis.

Authority
The corporation was established in 1956 under the authority of the Alberta Municipal Financing Corporation Act, being Chapter 3 of the Statutes of Alberta 1956 (R.S.A., 1980 CH. A-33).

Shareholders
The authorized stock of the corporation consists of the following shares with a par value of $10 each:

- 4500 Class A, available only to the Crown
- 1000 Class B, available only to municipalities (defined as including municipal districts, counties, improvement districts and special areas) and to approved hospitals and hospital districts
- 750 Class C, available only to cities
- 750 Class D, available only to towns and villages
- 500 Class E, available only to school districts and divisions, universities and colleges

The business of the corporation is administered by a Board of Directors. The Lieutenant Governor in Council appoints five directors to represent the Class A common shareholder. Each of the other four classes of shareholders elects one director to the Board.

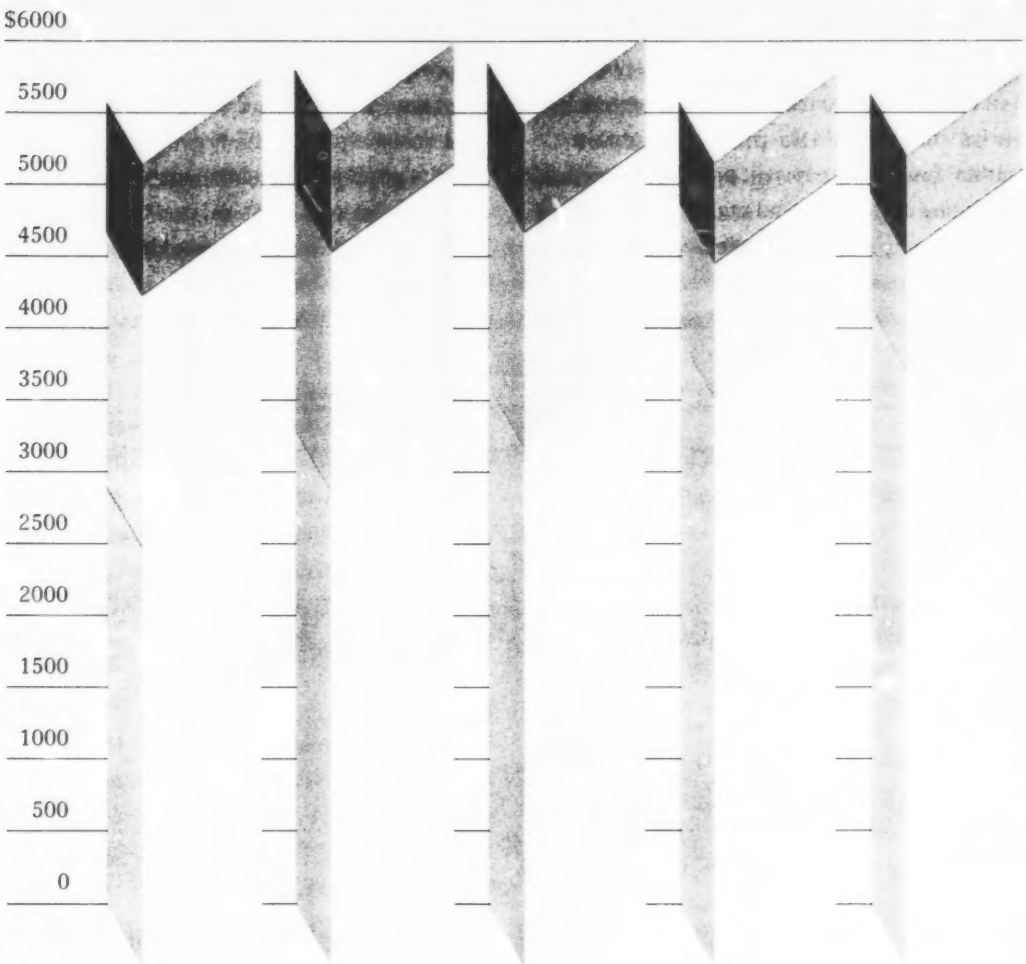
All applications for loans from the corporation, except those for hospital purposes, must have the approval of the Local Authorities Board of the Province as evidence that the applicant has satisfied the provisions of provincial legislation related to the borrowing. Maximum terms of loans for various projects are prescribed in the by-law relating to the terms and conditions for lending money to shareholders.

Funds are paid to borrowers in exchange for debentures. Loans to municipal and hospital authorities are secured by debentures repayable in equal annual instalments of blended principal and interest. Loans for school purposes are secured by debentures repayable in equal annual instalments of principal plus interest.

Financing
The corporation issues various debt obligations to obtain the funds necessary to finance loan requirements. These obligations of the corporation carry the unconditional guarantee of the Province of Alberta.

Analysis of Outstanding Debt

For the five-year period 1984-1988 (millions of dollars)



Total Outstanding

- Public
- Government of Alberta
- Canada Pension Plan Investment Fund

Analysis of New Loans Issued

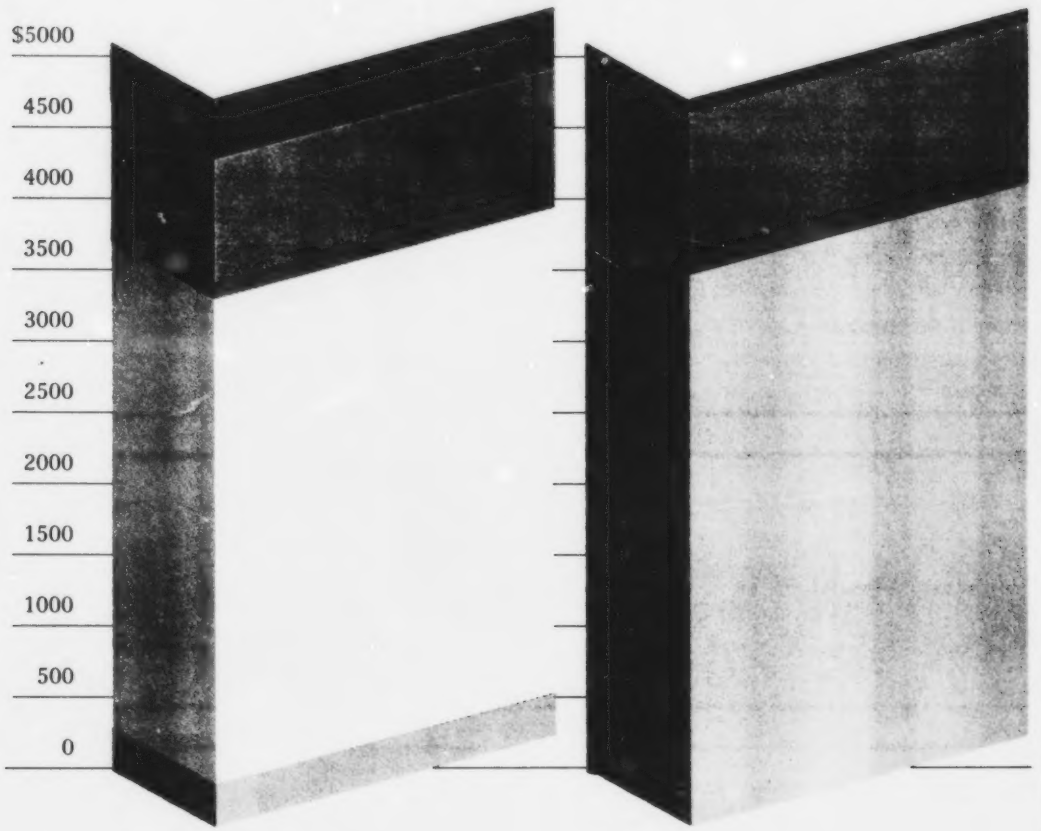
By jurisdiction and purpose for the year ended December 31, 1988 (thousands of dollars)

	Cities	Towns	Villages	Other	Total
Sewer and water	$ 53,572	$ 5,996	$ 487	$ 17,128	$ 77,183
Roads and sidewalks	27,534	5,273	245	2,602	35,654
Transit	32	-	-	-	32
Land	-	150	-	207	357
Municipal buildings	4,885	847	375	1,715	7,822
Equipment and machinery	4,147	193	-	1,810	6,150
Utilities	86,000	-	-	-	86,000
Parks and recreation	7,948	1,780	-	1,000	10,728
Hospitals and nursing homes	897	-	-	395	1,292
Schools	-	-	-	88,815	88,815
Total	$185,015	$14,239	$1,107	$113,672	$314,033

Crawford Plains School, Edmonton

Outstanding Loans

By jurisdiction and purpose as at December 31, 1988 (millions of dollars)



Jurisdiction

- Hospitals $6.2
- Towns and Villages $339.6
- School Districts and Divisions $907.0
- Universities and Colleges $18.8
- Cities $3,469.3
- Counties Municipal and Other Districts $307.6

Purpose

- Hospital $16.7
- School $1,143.9
- Municipal $3,887.9

Total Loans Outstanding
$5,048.5

Schedule of Loans Outstanding

As at December 31, 1988 (thousands of dollars)

	Principal Outstanding 31-Dec-87	1-Jan-88 to 31-Dec-88 New Loans Issued	Principal Repaid	Principal Outstanding 31-Dec-88
By Jurisdiction				
Cities:				
Airdrie	$ 11,489	$ 291	$ 279	$ 11,501
Calgary	1,520,911	50,000	50,157	1,520,754
Camrose	18,291	708	866	18,133
Drumheller	9,424	155	404	9,175
Edmonton	1,514,162	114,000	86,613	1,541,549
Fort McMurray	19,969	-	1,710	18,259
Fort Saskatchewan	9,870	-	526	9,344
Grande Prairie	54,614	-	2,232	52,382
Leduc	16,833	338	759	16,412
Lethbridge	62,917	6,671	4,052	65,536
Lloydminster	18,614	780	906	18,488
Medicine Hat	54,319	9,598	1,645	62,272
Red Deer	65,714	1,640	3,189	64,165
Spruce Grove	8,974	579	415	9,138
St. Albert	38,905	140	1,122	37,923
Wetaskiwin	14,593	115	460	14,248
Total Cities	3,439,599	185,015	155,335	3,469,279
Towns	304,752	14,239	16,937	302,054
Villages	38,594	1,107	2,135	37,566
Counties - School	205,706	24,638	14,691	215,653
- Other	44,055	5,871	4,015	45,911
Municipal districts	7,007	1,769	207	8,569
Improvement districts	4,775	-	84	4,691
Irrigation & water services	17,438	15,822	510	32,750
Hospitals	6,316	395	470	6,241
Universities & colleges	17,350	1,800	351	18,799
School districts & divisions	904,102	63,377	60,527	906,952
	$4,989,694	$314,033	$255,262	$5,048,465
By Purpose				
Municipal - General	$3,059,214	$137,926	$151,200	$3,045,940
- Utility	784,123	86,000	28,172	841,951
Hospital	16,512	1,292	1,100	16,704
School	1,129,845	88,815	74,790	1,143,870
	$4,989,694	$314,033	$255,262	$5,048,465

Ten-year Review 1979 - 1988
(thousands of dollars)

New loans issued during the year:	1988	1987	1986	1985
By jurisdiction:				
Cities	$ 185,015	$ 173,732	$ 150,023	$ 174,688
Towns and villages	15,346	14,320	14,765	15,655
County, municipal and other districts	48,100	31,874	34,907	34,861
Hospitals	395	776	800	-
School divisions and districts	63,377	81,873	123,093	112,341
Universities and colleges	1,800	3,953	13,600	-
Total	314,033	306,528	337,188	337,545
By purpose:				
Municipal	223,926	187,938	168,889	196,614
Hospital	1,292	3,983	800	25
School	88,815	114,607	167,499	140,906
Total	314,033	306,528	337,188	337,545
Loans repaid during year	255,262	370,354	239,577	234,875
New debt issues sold during year	311,347	327,996	395,645	290,742
Outstanding debenture debt at December 31	5,663,358	5,573,966	5,871,138	5,793,144
Sinking fund assets at December 31	1,096,263	1,084,559	1,206,684	1,126,810
Retained earnings at December 31	655,853	605,165	535,672	429,207
Lending rate at December 31 (based on 20-year term)	11%	11-1/2%	10%	11%

1984	1983	1982	1981	1980	1979
$ 416,688	$ 402,621	$ 858,068	$ 582,833	$ 521,309	$ 333,727
14,965	31,666	62,884	99,429	94,039	89,837
18,935	35,873	40,853	49,172	47,306	18,206
-	2,359	800	4,715	19,275	74,316
103,381	149,677	157,183	107,726	60,734	41,893
-	-	-	-	-	-
553,969	622,196	1,119,788	843,875	742,663	557,979
435,654	444,417	913,450	688,728	639,491	432,637
22	2,978	19,332	8,715	19,275	76,316
118,293	174,801	187,006	146,432	83,897	49,026
553,969	622,196	1,119,788	843,875	742,663	557,979
229,119	211,226	118,398	101,582	400,710	669,655
488,491	748,582	1,116,673	844,111	676,439	461,392
5,553,558	5,116,788	4,645,360	3,529,752	2,693,913	2,338,364
951,144	797,845	668,897	480,475	405,756	359,266
355,686	290,699	233,968	128,105	121,928	102,919
13-1/8%	12-5/8%	13-1/4%	16-1/2%	13-3/4%	12%

Auditor's Report

To the Shareholders of the
Alberta Municipal Financing Corporation

ALBERTA
LEGISLATURE

I have examined the balance sheet of the Alberta Municipal Financing Corporation as at December 31, 1988 and the statements of revenue, expenditure and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
February 17, 1989

Balance Sheet

As at December 31, 1988 (thousands of dollars)

Assets:	1988	1987
Cash	$ 69,704	$ 3,839
Accrued interest receivable	212,975	225,811
Loans to municipal authorities	5,048,465	4,989,694
	$5,331,144	$5,219,344
Liabilities and Shareholders' Equity:		
Liabilities:		
Short-term note payable to the Provincial Treasurer	$ –	$ 14,948
Accrued interest payable	117,523	120,303
Net debenture debt (Schedule 1 and Notes 3 and 4)	4,557,703	4,478,864
	4,675,226	4,614,115
Shareholders' Equity:		
Share capital (Note 5):		
Authorized: 7,500 common shares, par value $10 per share		
Issued and fully paid: 1988 - 6,477 shares (1987 - 6,386 shares)	65	64
Retained earnings	655,853	605,165
	655,918	605,229
	$5,331,144	$5,219,344

A.F. Collins
President & Chairman of the Board

R.L. Ardiel
Vice-President

The accompanying notes are part of these financial statements.

Statement of Revenue, Expenditure and Retained Earnings

For the year ended December 31, 1988 (thousands of dollars)

	1988	1987
Revenue:		
Interest on loans	$575,670	$617,919
Investment income on sinking fund assets (Note 6)	107,829	128,715
Interest on deposits	6,834	7,436
Fees on loan prepayments	342	5,523
Gains on redemption of debenture debt	68	139
Exchange gains (losses) on debenture debt	25	(302)
	690,768	759,430
Expenditure:		
Interest on debentures	638,516	687,234
Amortization of debenture discount	1,151	2,268
Administration and office expense	296	317
Interest on short-term notes	52	56
Debt service charges	51	54
Directors' and officers' fees and expenses	14	8
	640,080	689,937
Excess of revenue over expenditure for the year	50,688	69,493
Retained earnings, beginning of year	605,165	535,672
Retained earnings, end of year	$655,853	$605,165

Statement of Changes in Financial Position

For the year ended December 31, 1988 (thousands of dollars)

	1988	1987
Operating transactions:		
Excess of revenue over expenditure for the year	$ 50,688	$ 69,493
Add (deduct) non-cash items:		
Amortization of gains, losses and discounts related to debt	1,110	2,487
Amortization of premiums and discounts related to sinking fund investments	(23,133)	(26,466)
Decrease in accrued interest, net	10,056	511
Cash provided by operating transactions	38,721	46,025
Investing transactions:		
New loans	(314,033)	(306,528)
Loan repayments	255,262	370,354
Cash provided by (applied to) investing transactions	(58,771)	63,826
Financing transactions:		
Debt issues:		
Canada Pension Plan Investment Fund	311,347	327,996
Short-term note payable to the Provincial Treasurer	-	14,892
Debt retirement:		
Redemption of debentures	(221,862)	(625,330)
Redemption of short-term note payable to the Provincial Treasurer	(15,000)	-
Liquidation of sinking fund assets, net	11,429	148,590
Sale of shares	1	-
Cash provided by (applied to) financing transactions	85,915	(133,852)
Increase (decrease) in cash	65,865	(24,001)
Cash at beginning of year	3,839	27,840
Cash at end of year	$ 69,704	$ 3,839

Notes to the Financial Statements

December 31, 1988

1. Authority

The Alberta Municipal Financing Corporation operates under the authority of the Alberta Municipal Financing Corporation Act, Chapter A-33, Revised Statutes of Alberta 1980, as amended.

2. Significant Accounting Policies and Reporting Practices

Sinking Fund Assets (Schedule 2)

Sinking Fund assets are recorded at cost. The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

Realized gains and losses on disposals of sinking fund investments are included in the determination of investment income. The cost of investments disposed of is determined on the average cost basis.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Foreign Exchange

Debenture debt, cash, accrued interest, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date. Investments, other than short-term money market securities, and revenue items are translated at historical exchange rates.

Gains and losses arising from the translation of foreign currencies are included in the determination of net income except:

(i) unrealized exchange gains or losses relating to hedged debenture debt which are deferred until the debt is extinguished, and unrealized exchange gains or losses relating to unhedged debenture debt which are deferred and amortized over the remaining life of the debt, and

(ii) unrealized exchange gains or losses relating to hedged monetary assets which are deferred.

Debenture Discount

Debenture discount, including underwriting commission, arising on the issue of debenture debt is deferred and amortized over the term of the debt. Public debenture issue expenses are charged against income as they arise.

3. Net Debenture Debt

(a) The debenture debt of the corporation is fully guaranteed by the Province of Alberta.

(b) Debentures amounting to $4,142,152,000 held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provision of the debentures.

(c) Debentures are recorded net of sinking fund assets, deferred exchange losses and unamortized discounts.

4. Commitments (thousands of dollars)

Sinking fund and debenture redemption requirements during each of the next five years are as follows:

	Sinking Fund	Debenture Redemption	Total
1989	$ 7,875	$323,665	$331,540
1990	7,875	80,406	88,281
1991	7,875	117,130	125,005
1992	7,875	89,599	97,474
1993	7,875	137,433	145,308
	$39,375	$748,233	$787,608

5. Share Capital

Particulars of share capital are summarized hereunder:

Class	Restricted to	Number of Shares Authorized	Number of Shares Issued and Fully Paid	Total Dollar Amount
A	Provincial Treasurer	4,500	4,500	$45,000
B	Municipalities and hospitals	1,000	923	9,230
C	Cities	750	578	5,780
D	Towns and villages	750	315	3,150
E	Schools, universities and colleges	500	161	1,610
		7,500	6,477	$64,770

72 Class B, 1 Class D and 18 Class E shares were issued during the year at $10.00 each.

6. Investment Income on Sinking Fund Assets

Investment income on sinking fund assets is used to acquire additional sinking fund assets.

Prior to 1986, the corporation was required by its by-laws to provide sinking fund assets for all of its debenture debt. In 1986, the corporation's by-laws were changed to require sinking fund assets only for certain public debentures and certain other debentures maturing in 2000. Sinking fund assets in excess of amounts required by the new by-laws are being used to retire debentures as they mature. Commencing in 1988, any remaining excess sinking fund assets are also available for loans to municipal authorities.

In accordance with the corporation's change in its sinking fund policy, assets of $107,000,000 were used to repay debentures maturing in 1988.

7. Approval of Financial Statements

These financial statements have been approved by the Board of Directors.

Schedule of Net Debenture Debt

As at December 31, 1988 (thousands of dollars)

Schedule 1

Date of Issue	Maturity Date	Interest Rate	Original Issue	Principal Outstanding
Provincial Treasurer				
Nov 01, 1982	Nov 01, 1989	13.50	$150,000	$70,000
Nov 01, 1979	Nov 01, 1999	11.70	70,000	70,000
Mar03, 1980	Mar03, 2000	13.45	35,000	35,000
Jul 02, 1980	Jul 03, 2000	11.75	30,000	30,000
Aug15, 1980	Aug15, 2000	13.20	35,000	35,000
Nov 17, 1980	Nov 17, 2000	13.75	75,000	75,000
Dec 01, 1980	Dec 01, 2000	13.65	50,000	50,000
Dec 17, 1979	Dec 15, 2000	11.85	70,000	70,000
Dec 15, 1980	Dec 15, 2000	13.60	155,000	155,000
Mar02, 1981	Mar02, 2001	14.10	30,000	30,000
Jun 15, 1981	Jun 15, 2001	16.25	85,000	85,000
Oct 01, 1980	Oct 01, 2001	13.66	75,000	75,000
Total				780,000
Canada Pension Plan Investment Fund (Note 3(b))				
Dec 01, 1969	Nov 03, 1989	7.32	76,618	76,618
Dec 01, 1970	Nov 02, 1990	8.06	78,282	78,282
Dec 01, 1971	Nov 01, 1991	7.18	92,130	92,130
Dec 15, 1972	Jun 01, 1992	7.13	54,599	54,599
Dec 15, 1973	Sep 04, 1993	7.44	85,433	85,433
Nov 15, 1974	Oct 01, 1994	8.34	98,318	98,318
Nov 14, 1975	Oct 01, 1995	8.79	137,694	137,694
Oct 15, 1976	Sep 01, 1996	9.06	140,685	140,685
Oct 14, 1977	Sep 01, 1997	9.06	163,457	163,457
Oct 16, 1978	Sep 01, 1998	9.31	176,645	176,645
Nov 15, 1979	Oct 01, 1999	10.04	219,206	219,206
Nov 14, 1980	Oct 01, 2000	12.35	222,367	222,367
Sep 15, 1981	Aug01, 2001	14.18	216,739	216,739
Jun 01, 1982	Jun 01, 2002	15.75	274,735	274,735
Apr 05, 1983	Apr 05, 2003	13.82	209,284	209,284
Dec 01, 1983	Dec 01, 2003	11.50	231,739	231,739
Dec 03, 1984	Dec 03, 2004	13.25	338,491	338,491
Nov 01, 1985	Nov 01, 2005	11.66	283,604	283,604
Nov 03, 1986	Nov 03, 2006	9.85	395,396	395,396
Nov 02, 1987	Nov 02, 2007	9.66	335,383	335,383
Oct 03, 1988	Oct 03, 2008	10.04	259,294	259,294
Nov 01, 1988	Nov 01, 2008	10.10	33,805	33,805
Dec 01, 1988	Dec 01, 2008	9.93	18,248	18,248
Total				4,142,152

Public, payable in Canadian dollars				
Aug 15, 1984	Aug 15, 1989	13.50	$150,000	$150,000
Nov 01, 1969	Nov 01, 1989	8.00	15,000	56
Nov 15, 1966	Nov 15, 1989	6.25	25,000	25,000
Jun 01, 1970	Jun 01, 1990	8.625	28,000	2,124
Jun 15, 1966	Jun 15, 1991	5.75	25,000	25,000
May 15, 1967	May 15, 1992	6.00	35,000	35,000
Mar 15, 1968	Mar 15, 1993	7.25	52,000	52,000
Jan 18, 1983	Dec 15, 2002	12.25	450,000	450,000
Total				739,180
Public, payable in United States dollars				
Dec 15, 1964	Dec 15, 1989	4.625	25,000	1,991
Plus deferred exchange gains				35
Total				2,026
				5,663,358
Less:				
Sinking fund assets (Schedule 2)				1,096,263
Unamortized debenture discount				9,392
				1,105,655
Total				$4,557,703

Schedule of Sinking Fund Assets

As at December 31, 1988 (thousands of dollars)

Schedule 2

Investments	Par Value	Book Value	Market Value
Bonds and debentures:			
Government of Canada, direct and guaranteed	$354,371	$ 366,823	$ 371,165
Provincial, direct:			
Alberta	10,527	10,510	10,066
Other	47,260	46,982	46,288
Provincial, guaranteed:			
Alberta Municipal Financing Corporation	(a)	52,790	50,291
Other Alberta	72,512	73,370	70,147
Other	76,775	75,339	71,604
Corporate	46,600	46,522	48,322
Municipal	8,515	8,461	8,510
Mid-term money market securities:			
Notes	(b)	24,328	24,387
Certificates of deposit	2,000	2,000	2,011
Bond coupons and residuals:			
Government of Canada, direct		138,032	132,467
Provincial		7,127	7,052
		852,284	842,310
Short-term money market securites:(c)			
Treasury bills		165,552	165,552
Bearer deposit notes		11,986	11,986
Total		1,029,822	1,019,848
Other Assets:			
Cash		47,721	47,721
Accrued interest receivable		18,720	18,720
Total		66,441	66,441
Total 1988		$1,096,263	$1,086,289
Total 1987		$1,084,359	$1,081,893

(a) Comprises Canadian $52,083,000 and United States $1,042,000

(b) Comprises Canadian $22,900,000 and United States $1,400,000

(c) Market value is deemed to be book value